



INTERNATIONAL CLIMATE CHANGE PARTNERSHIP

June 22, 2005

Mr. Mark Friedrichs, PI-40
Office of Policy and International Affairs
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Re: Draft Technical Guidelines and Interim Final General Guidelines for Voluntary GHG Reporting

The International Climate Change Partnership (ICCP) appreciates the opportunity to submit comments on the draft Technical Guidelines and interim final General Guidelines for Voluntary Reporting of Greenhouse Gases Program (VRGGP) under section 1605(b) of the Energy Policy Act of 1992. ICCP is an international coalition of companies and industries committed to responsible participation in the climate change policy process.

For the last ten years ICCP has actively supported the idea that companies that make verifiable reductions in greenhouse gas emissions should receive legal recognition of those reductions and should not be penalized for making those reductions in a future regulatory program. That is why we continue to be extremely disappointed that the proposed guidelines only allow GHG reductions made after 2002 to be registered.

There was strong support expressed by industry and some environmental organizations for providing credit for any reductions achieved since 1990 that can be verified under the new guidelines. The basis for this support is the fact that after approval of the Framework Convention on Climate Change, the U.S. and other governments around the world began urging business to voluntarily reduce their emissions of greenhouse gases. Many businesses responded to these calls to action by making significant reductions in their GHG emissions, either as part of a government-sponsored program or on their own. If the government responds to these voluntary actions by ignoring them, it takes the risk that these companies and others like them will feel no incentive to participate in voluntary programs in the future.

ICCP strongly supports the idea that manufacturers should be able to report and register GHG emissions reductions associated with the use of their products, as long as these reductions are not already being reported by another entity. We commend DOE for recognizing the

important role product manufacturers play in “accelerating the introduction of new, more energy efficient technologies” and for leaving open of the possibility of product-based reductions being registered in the future.

Emission offsets are described in the guidelines as a way to permit entities to report and register reductions achieved by others. Product manufacturers would be reporting the GHG emissions reductions achieved by others, specifically the purchasers of their products, so we agree with DOE’s conclusion that this is an appropriate place in the guidelines to include products.

Below is an outline of possible methods for incorporating products that addresses some of the issues raised by DOE related to determining the location and ownership of the reductions:

- For inclusion in the guidelines, products could be broken down into two basic categories:
 - Products sold to consumers
 - Products sold to businesses
- For products sold to consumers, it may be safe to assume that individual consumers are unlikely to report GHG reductions to DOE and allow manufacturers to report on all reductions achieved by consumer products.
- For products sold to businesses, the determination of which entity along the value chain would register the reduction could be done on a contractual basis.
- In order to avoid double counting, manufacturers registering reductions achieved by products sold to other businesses would be required to certify that the reductions were not reported by another entity.
- Manufacturers that report on product-based emission reductions would incorporate these reductions into their entity-wide reports, and would be required to specify the decrease in their entity-wide total from product-based reductions.
- Baselines and emission factors for determining the extent of reductions achieved by specific product categories could be based on industry standards, existing regulatory requirements, or accepted national averages. These are well known and would be easy to determine for some product categories, such as home appliances and automobiles, but would be more difficult to determine for other products.

ICCP and its members will continue to work with DOE to address obstacles and develop methods to allow registration of product-based reductions under the enhanced 1605(b) program. DOE may want to hold a workshop to discuss the details of how the different product categories, emission factors, and baselines can be incorporated into the technical guidelines.

ICCP generally supports DOE's focus on entity-wide reporting and believes that the flexibility provided by the definition of "entity" in the guidelines is appropriate. But we also believe that project-based reductions should be able to be registered as long as verification is provided that the reductions are real and that the emissions were not transferred to some other location. The ability to register project-based reductions should not be limited to small emitters. As pointed out during the April workshop, most of the emission credits currently being traded in international GHG markets are project-based reductions. In addition, the ISO 14064 standard allows for reporting of both entity-wide and project-based reductions.

Please let us know if you have any questions or would like to discuss any of these comments in further detail.

Respectfully submitted:

Kevin Fay
Executive Director
International Climate Change Partnership
2111 Wilson Boulevard, 8th Floor
Arlington, VA 22201
703-841-0626
fay@alcalde-fay.com